

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

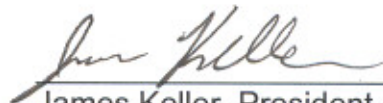
Illinois Commerce Commission	:
On Its Own Motion	:
	:
Informal Comment on the issue	:
Of "just and reasonable"	:

Marion Telephone's Informal Comments

NOW COMES Marion Telephone, LLC and files its Informal Comments on in the above-captioned proceeding.

Sections 9-250, 13-101 and 13-505 of the Illinois Public Utilities Act grant the Commerce Commission explicit authority to determine whether rates for competitive telecommunications services (and changes to such rates) are "just and reasonable". At this time Marion Telephone submits it's informal comments (Exhibit 1) based on the Staffs questions on how Commission should undertake such an investigation.

Respectfully submitted,



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Exhibit 1

Question - Should the Commission's decision(s) concerning whether to investigate rates for competitive telecommunications services differ according to provider types and sizes, service or product types, market conditions, service areas, or other such factors? If so, please explain how the Commission's exercise of its authority should vary across such differing factors and why.

- Metro-Urban and Rural communities are two distinct markets and should be investigated separately. The goal is to make sure all consumers in all regions of Illinois, including low-income consumers and those in rural, and high cost areas have access to telecommunications and information services that are comparable to those services provided in urban and Metro areas. Also, steps must be taken to insure that they are available at rates which are reasonably comparable to rates charged for similar services in urban and metro areas.

Question - Should the Commission require that carriers submit information (e.g., cost studies) to assist it in determining whether to open an investigation into the justness and reasonableness of rates for competitive telecommunications services? If not, please explain. If yes, please address (at a minimum) the following in your answer:

a) The source of the Commission's authority to require such information.

- Under sections 201, 202 and 271 of the 1996 Telecom Act

b) A list of such potential information, the purpose of each item, and the circumstances under which the item should be provided.

- The information should be collected by exchange and by LATA.
- The focus should be on what the actual costs of providing service in an exchange and LATA are, if the actual cost is \$40.00 for an UNE loop, then that is what the LEC should charge on a wholesale basis. But if the LEC is charging \$40.00 because of the TELRIC model and it really only costing the LEC \$25.00 for the cost of the loop and they are sending the other \$15.00 to another state to help with their fiber to the home build out, that is improper.

c) An assessment of whether, and if so why, tariff filings that exceed certain thresholds require more detailed explanations and backup than tariff filings that do not exceed these thresholds? If yes, please provide examples of appropriate thresholds and the additional information that should be required with such a filing.

- No Comment

d) An assessment of whether the Commission should specifically impose on carriers proposing rate changes a requirement that the carrier provide *prima facie* evidence that the proposed changes yield just and reasonable rates?

- Yes for rural areas in regards to UNE pricing, due to the high loop costs and lack of facilities based competition.
- No for Metro and Urban areas because of their low loop costs, the presents of facilities based competition, and the low cost of construction due to the high population density.

e) An assessment of whether the Commission should require carriers to file annual demand, rate and/or other data related to their provision of competitive services including an explanation of what should be filed and under what circumstances.

- No Comment

Question - Are there any specific factors or circumstances that might automatically "trigger" a Commission Section 9-250 investigation into whether a rate change for a competitive telecommunications service is just and reasonable? If yes, please provide an explanation or justification for each proposed trigger, an analysis of the how such a trigger would be applied, and an explanation of what information would be necessary to apply such a trigger. Examples of factors that might be incorporated into such criteria are:

- This should also be addressed in the reverse. If the wholesale cost is \$40.00 for a UNE loop to a CLEC and the LEC is charging \$23.50 retail to their own customers, the commission should take a look at Predatory pricing.

Question - Should the Commission investigate (through a Section 9-250 hearing) whether a rate change for a competitive telecommunications service is just and reasonable without previously determining a "just and reasonable" standard appropriate for competitive telecommunications service rates? That is, should the Commission establish criteria in a rulemaking or other "global docket" to determine whether a rate for a competitive telecommunications service is just and reasonable or should the Commission review each tariff on a case by case basis? Please explain.

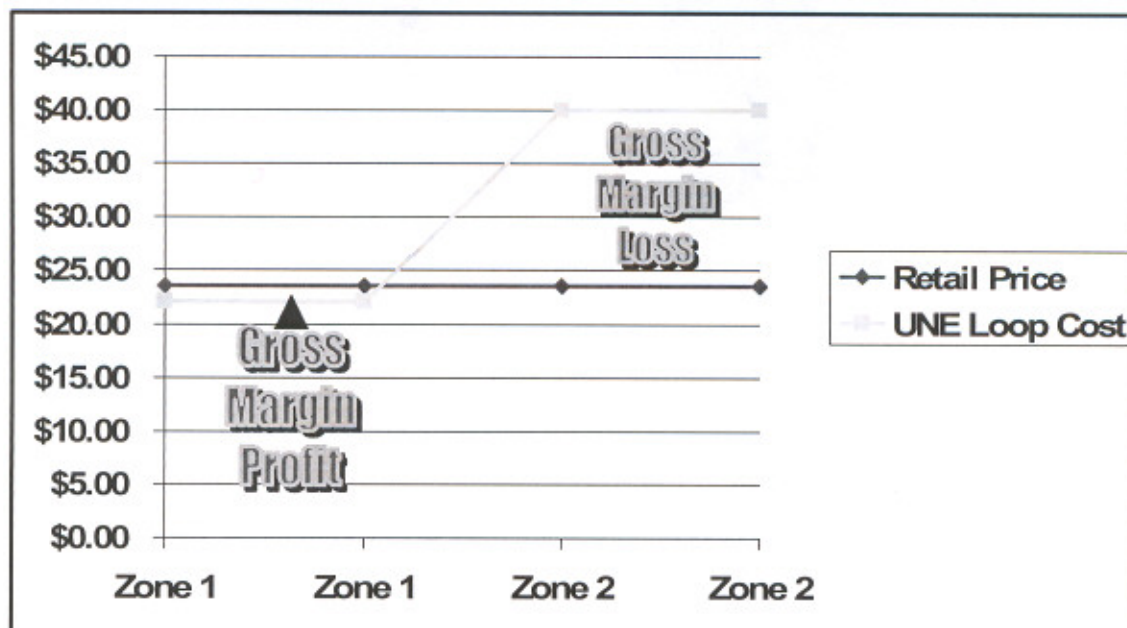
In rural areas, a standard for "just and reasonable" should be determined that will work throughout the State of Illinois and have the goals of:

- Encouraging economic development
- Ubiquitous deployment of basic facilities and services
- Availability of advanced telecommunications services Home and Business
- Ensuring adequate reliability and quality of service
- Providing fair treatment of consumers
- Promoting competitive entry
- Supporting universal service (for high-cost areas, low-income consumers and speech and hearing impaired users)

Question - Please explain how the “just and reasonable” concept is most appropriately applied to competitive telecommunications services. Please include the following in your answer:

- The Metro and Urban areas have several facilities based competitors and are located in Zone 1, which has the least costs. True competition is taking place in these areas and the market should keep the retail rates in check.
- Currently in Rural areas, pseudo competition exists, that is were the majority of CLECs are still using the LEC’s infrastructure and the high loop costs are keeping competitors from bringing advanced services to the rural areas. For example, if the UNE loop costs are actually \$40.00 in Southern Illinois, then a State USF needs to be established to help bring competition into these areas. The Federal USF amount that a CLEC can get in a high cost area is based of the LEC, this is fine if the LEC is getting funding. In Southern Illinois, Verizon is not participating and therefore a CLEC serving these areas cannot benefit from the fund. If a state fund is not established , it is going to be difficult to get competition in Zone 2 areas when the wholesale loop cost is \$40.00 and Verizon is charging \$23.50 retail to its customers. To eliminate the appearance of predatory pricing Verizon needs to charge a retail price in the range of \$35.00 or a State USF needs to compensate the loop costs by \$20.00 per line in Zone 2

Total Gross Margins Based on Loop Cost by Zone in Southern Illinois (Verizon’s New Rates)



There will most likely be a Federal Telecom/Broadband Bill that may address some of these issues.